Maine Revenue Services

SUMMARY OF 2007 LEGISLATION

INCOME/ESTATE/INSURANCE PREMIUMS TAXES

General

Electronic Filing. 36 M.R.S.A. §193, sub-§§ 2 and 3. The Assessor is authorized to promulgate rules to implement expansion in requirements for electronic filing and payment of tax. Effective September 20, 2007. See LD # 1504, PL 2007, c. 437, §6.

Conformity. Conformity with the Internal Revenue Code and amendments is extended to the Code as of December 31, 2006. Conformity with the Code applies unless otherwise stated in Maine statute. Applies to tax years beginning on or after January 1, 2006 and to any prior years as specifically provided by the Code. See LD # 499, PL 2007, c. 240, Pt. CCC.

Individual Income Tax

Domicile (Residency "Safe Harbors"). 36 M.R.S.A. § 5102(5). Generally, an individual is a Maine resident during those periods domiciled in Maine or, if not domiciled in Maine, when the individual has a permanent place of abode in Maine and spends more than 183 days in Maine. The law was changed to provide two exceptions to the residency rules for individuals domiciled in Maine. For tax years beginning on or after January 1, 2007, individuals domiciled in Maine are not considered Maine residents if:

1) The individual does not maintain a permanent place of abode in Maine, the individual does maintain a permanent place of abode outside Maine and the individual spends no more than 30 days of the taxable year in Maine; or

2) Within any 548 consecutive days, the individual:
   a. Is present in a foreign country (or countries) for at least 450 days;
   b. Is **not** present in Maine for more than 90 days;
   c. Does **not** maintain a permanent place of abode in Maine at which the individual's spouse (unless legally separated) or minor child is present in Maine for more than 90 days;
   d. For the tax year during which the 548-day period begins, is present in Maine during the nonresident portion of the tax year no more days than 90 multiplied by the result of dividing the number of days the individual was a nonresident of Maine during the tax year by 548; and
   e. For the tax year during which the 548-day period ends, is present in Maine during the nonresident portion of the tax year for no more days than 90 multiplied by the result of dividing the number of days the individual was a nonresident of Maine during the tax year by 548.

See LD #1968, PL 2005, c. 519, Pt. G.
Residency Determination: For tax years beginning on or after January 1, 2007, charitable contributions (whether made to an organization located in or outside Maine) and the geographic location of an individual's professional advisors (doctors, lawyers, accountants, etc) may not be used to determine the residency status of the individual. See LD #1968, PL 2005, c. 519, Pt. G.

Qualified Tuition Programs (529 Plans): 36 M.R.S.A. §5122(2)(V). For tax years beginning on or after January 1, 2007, taxpayers may deduct up to $250, per beneficiary, of contributions made to a Maine or non-Maine qualified state tuition program ("529 college savings plans"). Taxpayers filing single or married separate with federal adjusted gross income more than $100,000 and taxpayers filing married joint or head of household with federal adjusted gross income more than $200,000 do not qualify for the deduction. See LD #1968, PL 2005, c. 519, Pt. LLL.

Use Tax Line on 1040 – Increase in Rate. The optional percentage rate for reporting use tax liability on individual income tax returns is increased from 0.4% to 0.8% of Maine adjusted gross income. Applies to tax years beginning on or after January 1, 2008. See LD # 499, PL 2007, c. 240, Pt. W.

Human Leukocyte Antigen Screening Fund – Name Change. The "Human Leukocyte Screening Fund" is renamed the "Bone Marrow Screening Fund" and the "Fund for a Healthy Maine – Human Leukocyte" program is renamed the "Fund for a Healthy Maine – Bone Marrow Screening" program. See LD # 499, PL 2007, c. 240, Pt. TT.

Fiduciary Income Tax

Estate Tax Expense Deduction. 36 M.R.S.A. 5122(1)(Y). To prevent a Maine deduction for the same expenses on both the estate tax return and the estate's fiduciary income tax return, the administrative expense deduction claimed for federal fiduciary income tax purposes that is also used to determine the taxable estate in calculating the Maine estate tax must be added back on the Maine fiduciary income tax return. Applies to tax years beginning on or after January 1, 2007. See LD # 1504, PL 2007, c. 437, §17.

Business Income Tax

Income Tax – Single Sales Apportionment Factor. The apportionment formula for multistate corporations operating in Maine has changed. The apportionment formula is used to determine income taxable to Maine. In the past, Maine used a three-factor apportionment formula, based on payroll, property and sales. Effective for tax years beginning on or after January 1, 2007, all multistate corporate, pass through entity and sole proprietor income will be apportioned using only the sales factor. The attribution of sales of intangibles has also changed from a cost of performance method to one based on the destination of goods and services. See LD # 499, PL 2007, c. 240, Pt. V.

Section 179 Nonconformity. Nonconformity with the increased Code § 179 expense deductions applicable to taxable years beginning on or after January 1, 2003 is extended indefinitely. Differences between allowable Maine and federal deductions must be added back on the Maine return. See LD # 499, PL 2007, c. 240, Pt. CCC.

Pine Tree Development Zones. 30-A M.R.S.A. § 5250-O. The commissioner of the Department of Economic and Community Development, with assistance from the State Economist, must, for purposes of eligibility, determine whether or not the business activity of an applicant for the Pine Tree Development Zone Program will result in a substantial detriment to existing businesses in the state. Effective September 20, 2007. See LD # 768, PL 2007, c. 263.

Pine Tree Development Zones. 30-A M.R.S.A., chapter 206, subchapter 6. The Pine Tree Development Zone Program is expanded to include certain manufacturers whether or not located in a designated zone. The manufacturers must meet certain expansion requirements in order to qualify for the program, such as a minimum investment of $225,000 and creation of at least 4 new quality full-time jobs. Eligibility for the Pine Tree Zone program is determined by the Department of Economic and Community Development. Effective September 20, 2007. See LD # 499, PL 2007, c. 240, Pt. QQQQ and LD # 1926, PL 2007, c. 468.

Captive Insurance Companies – Subject to Income Tax. The insurance premiums tax imposed on captive insurance companies is repealed. All captive insurance companies are now subject to the Maine corporate income tax instead of the insurance premiums tax. Applies to tax years beginning on or after January 1, 2007. See LD # 499, PL 2007, c. 240, Pt. KKKK.

Pass-through Entities

Failure to file information return. 36 M.R.S.A. §187-B, sub-§1-A. Penalties are introduced for partnerships and S corporations that fail to file an information return as required by 36 M.R.S.A. §5241. The penalty is $100 if the return is filed within 30 days of receipt of a formal demand from the assessor; however, the 30-day period is extended up to 120 days if the partnership or S Corporation requests an extension in writing within the 30-day period. Otherwise, the penalty is $500. Applies to tax years beginning on or after January 1, 2007. See LD # 1504, PL 2007, c. 437, §3.

Insurance Premiums Tax

Returns; payment of tax. 36 M.R.S.A. §2521-A. Insurance producers are added to the list of entities subject to the insurance premiums tax filing and payment requirements. Also, the threshold for required quarterly filings of insurance premiums tax returns is increased from a tax liability of $500 per year to a tax liability of $1,000 per year. Taxpayers with liabilities not exceeding the threshold may file an annual return with payment of the tax. Applies to periods beginning on or after January 1, 2008. See LD # 1504, PL 2007, c. 437, §12.

Captive Insurance Companies – Subject to Income Tax. The insurance premiums tax imposed on captive insurance companies is repealed. All captive insurance companies are now subject to the Maine corporate income tax instead of the insurance premiums tax. Applies to tax years beginning on or after January 1, 2007. See LD # 499, PL 2007, c. 240, Pt. KKKK.

Withholding/Unemployment Taxes

Competitive Skills Scholarship Program. 26 M.R.S.A.§1166 and chapter 25, subchapter 5. This new program to be administered by DOL provides funding for education, training and support to customers of the Department of Labor's career centers to prepare them for high-wage jobs in industries with significant demand for skilled labor. The program is funded by a percentage of taxable wages, as that term is defined in the unemployment contributions law. The contribution will be payable by employers beginning in 2008 on the combined quarterly Maine income tax withholding and unemployment contributions tax return (Form 941/C1-ME) filed with MRS. The new contribution will be offset by a reduction in required unemployment contributions from employers. Effective January 1, 2008. See LD # 1884, PL 2007, c. 352.

Forms W-2, 1099, etc. 36 M.R.S.A. §5251. Consistent with federal law, annual employee income and withholding statements (Forms W-2, 1099, etc.) must now be furnished to payees by January 31st of the succeeding year (previously February 15th). In the case of an employee who is terminated before the close of the calendar year, that employee must submit a written request in order to receive the income statement within 30 days, if that 30-day period ends before January 31st. Applies with respect to statements related to income paid on or after January 1, 2007. See LD # 1504, PL 2007, c. 437, §19.

Fraudulent or failure to furnish, Forms W-2, 1099, etc. 36 M.R.S.A. §5251-A. Penalties are introduced for failure to furnish accurate and timely Forms W-2/1099 statements to payees. A person who furnishes a false or fraudulent statement or fails to furnish a statement commits a civil violation for which a fine of $50 for each failure must be imposed. Applies to statements required to be filed on or after January 1, 2007. See LD # 1504, PL 2007, c. 437, §20.

Credits

Biofuel Credit. 36 M.R.S.A. §5219-X, Sub-§3. This bill extends the carryover period for unused credit amounts from 5 years to 10 years. See LD # 1003, PL 2007, c. 426.

Credit for Educational Opportunity. 36 M.R.S.A. §5217-D. A nonrefundable credit is available for certain educational loan payments for Maine resident individuals who earn an associate or bachelor's degree from a Maine college or university and who subsequently live in Maine, work for an employer located in Maine and pay taxes in Maine. The credit is available to eligible graduates and employers making loan payments on behalf of qualifying employees. Unused credits may be carried over for up to 10 tax years. If eligible, both spouses on a married-joint return may claim the credit. Maine universities and colleges are required to certify qualifying loans and caps applicable to the credit.

The employer credit is limited to eligible payments made during the term of the qualified employee's employment and is also limited to 50% of the credit amount if the qualified employee works only part-time (16-32 hours weekly). A qualified employee is an employee that would be eligible to claim the credit if they had made the loan payments. The employer credit cannot exceed the amount that the qualified employee could claim as a credit if the employee had made the loan payments. An employer claiming the credit may not also claim the Recruitment Credit under 36 M.R.S.A. § 5219-V with respect to loan payments made on behalf of the same employee.

Only *scheduled* loan payments made during the tax year are eligible for the credit. Generally, the credit is available with respect to Educational Opportunity Programs beginning after 2007.

See LD #1856 PL 2007, c. 469.

Educational attainment investment tax credit. 36 M.R.S.A. §§2527 & 5219-U. The credit is an income tax and insurance premiums tax credit of 20% of the amount contributed to a qualified scholarship organization for need-based scholarships in the first year of the credit, increasing to a 50% credit in future years. Qualified Scholarship Organizations are certified by FAME. The credit is limited to $2,000 for individual taxpayers and $10,000 for employers. **The legislative change delays the effective date of the credit to 2009.** See LD # 215, PL 2007, c. 1, Pt. O, §§ 3, 4, 6 and 7.

Recruitment credit. 36 M.R.S.A. §§2528 & 5219-V. The credit is an income tax and insurance premiums tax credit of 15% of the amount of loan repayments paid by employers during the taxable year to a creditor on behalf of an employee as part of a post secondary education loan repayment agreement between the taxpayer and the employee. **The legislative change delays the effective date of the credit to 2009.** See LD # 215, PL 2007, c. 1, Pt. O, §§ 5 and 8.

Forest Management planning income credits. 36 M.R.S.A. §5219-C. The law is clarified to require that qualifying forest land be located in Maine to be eligible for the credit. Applies to tax years beginning on or after January 1, 2007. See LD # 1504, PL 2007, c. 437, §18.

SALES, USE AND SPECIAL BUSINESS TAXES

Sales, Use and Service Provider Taxes

Sales tax applies to the sale of certain extended warranties. The 5% sales tax applies to the sale of an extended service contract on an automobile. Effective September 20, 2007. See LD 1005, PL 2007, c. 410.

Premium on motor oil changes. Imposes a premium on all motor vehicle oil changes sold in the State at retail in the amount of $1 per oil change (if the vehicle's gross weight is under 10,000 lbs), $2 per oil change (if the vehicle's gross weight is 10,000 lbs to 25,999) and $3 per oil change (if the vehicle's gross weight is 26,000 lbs or more). Any person who owns a fleet of vehicles (defined as 3 or more registered to the same person) and who performs their own oil changes, is also subject to the premium. All premiums must be paid monthly to the State Tax Assessor. All premiums are dedicated to the Waste Motor Oil Revenue Fund. See Title 10, §1020, sub-§6. Effective October 1, 2007 until the later of June 30, 2018 or any date thereafter but not later than December 31, 2028. See LD 1929, PL 2007, c. 464.

Casual sales of trailers are taxable. Casual sales of all trailers are subject to use tax. Effective September 20, 2007. See LD 1052, PL 2007, c. 375.

Sales tax trade-in credits for trailers. All trailers that are designed to be drawn by a motor vehicle, including camper trailers, are allowable as a trade-in credit against another trailer. Effective September 20, 2007. See LD 1052, PL 2007, c. 375.

Sales tax exemption for certain free medical clinics. A sales tax exemption is enacted for incorporated nonprofit medical clinics whose sole mission is to provide free medical care to the indigent or uninsured. Effective October 1, 2007. See LD 144, PL 2007, C. 416.

Sales tax exemption for diesel fuel used in certain groundfishing boats. Enacts a new sales tax exemption for diesel fuel used in a commercial groundfishing boat from July 1, 2007 through June 30, 2008. The fisherman has to have a federal permit for the boat to harvest northeast multispecies and a Maine commercial fishing license. Effective June 7, 2008. See LD 499, PL 2007, c. 240, Part WWWW.

Sales tax exemption for certain air ambulance services. Expands a current sales and service provider tax exemption for incorporated nonprofit fire departments and ambulance services to include sales and leases to air ambulance services that are limited liability companies whose members are nonprofit organizations. Effective September 20, 2007. See LD 919, PL 2007, c. 419.

Sales tax exemption for certain snow grooming equipment. Enacts a new sales tax exemption for sales to incorporated nonprofit snowmobile clubs of snowmobiles and snowmobile trail grooming equipment used directly and exclusively for grooming trails. Effective October 1, 2007. See LD 937, PL 2007, c. 429.

Sales tax exemption for certain loaner vehicles. Enacts a new sales tax exemption for the sale of loaner vehicles to a new vehicle dealer and for the use of a loaner vehicle when provided to a service customer pursuant to a manufacturer's or dealer's warranty. Sales tax is due at 10% on the value of rental of a loaner vehicle that is provided other than to a motor vehicle dealer's service customers pursuant to a manufacturer's or dealer's warranty. A loaner vehicle means an auto to be provided to the dealer's service customers for short-term use free of charge pursuant to a manufacturer's or dealer's warranty. Applies the statute on loaner vehicles retroactively to November 1, 2002, except that a person who has paid sales or use tax on those loaner vehicles or short-term rentals on or after November 1, 2002 but prior to the effective date of this Act is not entitled to a refund of the sales or use tax paid unless that person filed an administrative or judicial appeal pursuant to Title 36, section 151 and that administrative or judicial remedy has not been exhausted. Effective September 20, 2007. See LD 1005, PL 2007, c. 410.

Sales tax exemption for motor vehicles when sold for immediate removal from Maine. Enacts a new sales tax exemption for the immediate removal of a motor vehicle purchased by a Maine business if the vehicle is intended to be used exclusively in the business' out of state business activities. The business must conduct business from a fixed location outside the State. Effective September 20, 2007. See LD 1005, PL 2007, c. 410.

Inappropriate use of exemption certificates. Provides authority for the State Tax Assessor to issue an assessment against an exempt organization that has authorized inappropriate use of its exemption certificate by a contactor or subcontractor. Generally, under Maine law, the legal incidence of the sales or use tax is on a person who incorporates tangible personal property into real property. However, when the real property belongs to an exempt entity (such as a hospital or church) and will be used exclusively by the organization for the purposes for which it is organized, the contractor may purchase tangible personal property without payment of tax when the property is going to be physically incorporated in, and become a permanent part of, the real property. This change would enable the assessor to recover the tax from the exempt entity if the exemption is used inappropriately. Effective September 20, 2007. See LD # 1504, PL 2007, c. 437, §11

Reporting use tax on income tax return. Increases the percentage of Maine adjusted gross income that a person could elect to calculate their use tax liability on their income tax return. Increases the rate from .04% to .08%. Effective January 1, 2008 for 2008 Income Tax Return. See LD 499, PL 2007, c. 240, Part W.

Expansion of Pine Tree Zone qualifications. The commissioner may certify a business that does not otherwise qualify as a qualified Pine Tree Development Zone business pursuant to section 5250-I, subsection 17 or that does not locate in a Pine Tree Development Zone as qualified to receive Pine Tree Development Zone benefits if the business:

> A. Is a for-profit business that has been engaged in the business of manufacturing in the State for at least 3 years;
>
> B. Makes a written commitment to expand its business at one of its current locations in the State by adding at the location of expansion a minimum of 20 net new, full-time employees for whom a retirement program subject to the federal Employee Retirement Income Security Act of 1974, 29 United States Code, Sections 1001 to 1461, as amended, and group health coverage are provided and whose income derived from employment at the business's location of expansion, calculated on a calendar-year basis, is greater than the most recent annual per capita personal income in the county in which the employee is employed; **and**
>
> C. Makes a written commitment to invest a minimum of $2,000,000 in its expansion at one of its current locations.

Applications for Pine Tree Development Zone benefits under this subchapter must be received by the commissioner by December 1, 2009. Effective June 7, 2007. See LD 499, PL 2007, c. 240, Part QQQQ. **Note:** LD 1926 "An Act to Expand the Pine Tree Development Zone Benefits to Small and Midsize Maine Manufacturers", enacted as PL 2007, c. 468, further modifies the above by reducing the 20 net new employees to 4 and reducing the minimum investment from $2,000,000 to $225,000.

Pine Tree Zone limitation. An application for a Pine Tree Zone certificate of qualification can be denied if the business activity will result in significant detriment to existing businesses in the state. Effective September 20, 2007. See LD 768, PL 2007, c. 263.

Registration requirements of certain businesses. Requires businesses that conduct business with the State of Maine to register for sales/use tax reporting as a condition to doing business with the State and allows MRS to disclose their sales tax standing to enforce the requirement. Effective September 20, 2007. See LD 1006, PL 2007, c. 328.

Retail sale definition clarified. The definition of "retail sale" was clarified to state that a sale of tangible personal property to a person who is not engaged in the business of selling that kind of property is not an exempt sale for resale, even if the property is in fact subsequently resold through a third-party retailer (such as an auctioneer). Also clarifies that bulk sales of inventory being held for sale or lease in the ordinary course of business are not tax-free casual sales. The situation affected by this change is relatively unusual, since most bulk sales of inventory are exempt "sales for resale" under both current and proposed law. These changes close "loopholes" that came to light as a result of recent audits and reconsiderations. Effective September 20, 2007. See LD # 1504, PL 2007, c. 437, §10.

Definition of telecommunications equipment clarified. Clarifies the definition of "telecommunications equipment" to include any wiring capable of transmitting or receiving telecommunications signals, regardless of the actual use of the wiring. Current technology uses optical fiber, data wire, and coaxial cable, all of which are capable of providing either one-way or two-way transmission service. The effect of this change is to clearly impose the service provider tax on the installation of all transmission media that are capable of transmitting or receiving telecommunications signals, with the exception of electrical wiring. Because the ultimate use of the wiring is often unknown, uncertain or subject to change at the time it is installed, it is not feasible to base the taxability of the installation charges on the ultimate use of the wiring. Effective September 20, 2007. See LD # 1504, PL 2007, c. 437, §13

Short term rental of automobiles. Defines the term "value of rental for a period of less than one year of an automobile" to include the total rental charged, including but not limited to, specifically enumerated charges listed in the statute and requires the disclosure of all fees when an estimate is quoted. Effective September 20, 2007. See LD 1645, PL 2007, c. 444.

Motor Fuel Taxes

Fuel tax indexing. Changes the timing of when the Department of Transportation is to submit an emergency bill suspending the indexing of fuel tax rates from odd-numbered years to even-numbered years beginning in 2008. Effective June 18, 2007. See LD 860, PL 2007, c. 306.

Registered gasoline distributor. A gasoline distributor that makes sales of taxable internal combustion engine fuel only to retail dealers or directly into the fuel tanks of motor vehicles will be able to register with the State Tax Assessor as a registered distributor rather than a licensed distributor and may be exempted from the monthly reporting requirements. Effective September 20, 2007. See LD 1307, PL 2007, c. 407.

Penalty for excessive refund claims. Establishes a penalty for filing substantially excessive refund claims under the fuel tax laws. Under current law, a person who files a tax return that substantially understates the person's tax liability is subject to a penalty. The effect of the proposed change is to expand that penalty to cover certain situations where the person claims a refund amount that substantially exceeds the amount to which the person is legally entitled, even though the person was not required to file a tax return for that period. This change closes a "loophole" that came to light as a result of a recent audit and reconsideration. Effective September 20, 2007. See LD 1504, PL 2007, c. 437.

Cigarette and Tobacco Products Taxes

Fire safe cigarettes. Only cigarettes that meet the standards of fire-safe cigarettes as established by the State Fire Marshal may be offered for sale in Maine. The State Tax Assessor may inspect cigarette packaging to determine if it is marked as required by the Fire Marshal's office. See 22 MRSA §1555-E for marking requirements. Effective January 1, 2008. See LD 70, PL 2007, c. 253.

Sales by cigarette distributors. Cigarette distributors may not sell or offer to sell cigarettes to a retailer that does not have a retail tobacco license issued by DHHS. Effective September 20, 2007, PL 2007, c. 172.

Prohibition against the sale of hard snuff. Prohibits the sale or giving away of hard snuff in Maine. Hard snuff is defined as a smokeless, dissolvable tobacco product in lozenge, bit or tablet form that contains as an ingredient compressed, powdered tobacco with nicotine, that is intended for human consumption and that is not regulated as a food or drug or approved as nicotine replacement therapy. Effective September 20, 2007. See LD 1361, PL 2007, c. 467.

Prohibition against the sale of flavored cigarettes and cigars. Beginning July 1, 2009, prohibits the sale of flavored cigarettes and flavored cigars in Maine. Flavored means any component part contains a constituent that imparts a characterizing flavor. Includes any ingredient other than tobacco, water or reconstituted tobacco sheet that has a distinguishable taste or aroma that is imparted to tobacco or tobacco smoke either prior to or during consumption, other than a taste or aroma from tobacco, menthol, clove, coffee, nuts or peppers. Allows a tobacco distributor or retailer to sell flavored cigarettes and flavored cigars during the period of July 1, 2009 to December 31, 2009 that the distributor or retailer held in stock prior to July 1, 2009. Effective July 1, 2009. See LD 1361, PL 2007, c. 467.

Milk Handling Fee

Milk Handling Fees. Change to the milk handling fees. The new rates based on the basic price of milk are:

PHW	Fee per gallon
$24.00 above	0¢
$23.00 to $23.99	2¢
$22.00 to $22.99	4¢
$21.00 to $21.99	6¢
$20.00 to $20.99	8¢
$19.00 to $19.99	10¢
$18.00 to $18.99	12¢
$17.50 to $17.99	16¢
$17.00 to $17.49	20¢
$16.50 to $16.99	24¢
$16.00 to $16.49	28¢
$15.50 to $15.99	32¢
$15.00 to $15.49	36¢

If the basic price falls below $15.00 per hundredweight, for each 50¢ decrease in the basic price, the rate of the milk handling fee increases by 6¢ per gallon. Effective June 7, 2007. See LD 499, PL 2007, c. 240, Part PPP. **Note.** Identical text was enacted as LD 1468, PL 2007, c.269, effective on June 8, 2007.

PROPERTY TAXES

Maine Residents Property Tax and Rent Refund Program

Property tax benefit base. The law is changed to allow a prorated benefit to applicants of the Maine Residents Property Tax and Rent Refund "Circuit Breaker" Program when the applicant owned and occupied more than one homestead during the year for which relief is requested. The benefit base includes the portion of property tax assessed on each home on April 1 multiplied by the percentage of 12 months that the home was owned and occupied by the claimant during the year. Previously, the benefit was limited to the property tax assessed on the homestead that was owned and occupied by the applicant on April 1 of the year for which relief was requested. See LD # 1096, PL 2007, c. 325

Business Equipment Tax Reimbursement Program

Business Equipment Tax Reimbursement Program ("BETR"). 36 M.R.S.A. §6651, Sub-§1, The law clarifies that eligible business equipment as defined under the Maine

Business Equipment Tax Exemption Program (see 36 M.R.S.A. §691(1)) does not qualify for reimbursement under the BETR program. Effective September 20, 2007. See LD # 1504, PL 2007, c.437, §21.

Exemptions

Veteran's Exemption. 36 M.R.S.A. § 653(2). For property tax years beginning on or after April 1, 2008, a cooperative housing corporation occupied by a shareholder who is a qualified veteran is eligible for a veteran's property tax exemption. The law change creates parity between veterans who are homeowners and those who are shareholders in cooperative housing corporations, consistent with the treatment of veterans under the Homestead Exemption Program. See LD # 313, PL 2007, c. 418

Current Use

Maine Tree Growth Tax Law. 36 M.R.S.A. § 581. The law now requires an assessor to provide written notice by regular mail to owners of Tree Growth parcels when the parcel no longer qualifies for Tree Growth because the owner failed to provide a sworn statement that a forest management and harvest plan had been prepared for the parcel. This requirement would alert owners to the status of the property *prior* to its removal from Tree Growth classification and *before* assessment of the appropriate penalty. Prior to the legislation, the assessor was not required to notify landowners before withdrawing the parcel from Tree Growth and assessing the associated penalty. See LD # 736, PL 2007, c. 425.

Excise Tax

Excise Tax Exemption for Active Duty Military Stationed in Maine. 36 M.R.S.A. §1483(16). The excise tax exemption is expanded to include Maine resident individuals serving active duty in the US Armed Forces who are permanently stationed in Maine. The exemption does not apply to members of the National Guard or the Reserves of the US Armed Forces. See LD # 893, PL 2007, c. 404.

Excise Tax Reimbursement. 36 M.R.S.A. § 1482(5). Under new law, a municipality may establish a policy to refund unused excise tax credit amounts occurring when the excise tax paid for one motor vehicle is transferred to another. The municipality is not required to establish the refund policy, but if it does, it must refund excise tax credits in all cases. See LD # 227, PL 2007, c 83.

Transfer Tax

Housing Opportunities for Maine Fund. 36 M.R.S.A. § 4641-B(4). In an effort to protect funding for the Housing Opportunities for Maine (or HOME) program, the law was amended to require that any proposal to decrease transfers from the Maine real estate transfer tax (currently ½ of the total collected) be submitted to the Legislative Council and Joint Standing Committee of the Legislature having jurisdiction over affordable housing matters at least 30 days prior to any vote or public hearing on the issue. See LD # 936, PL 2007, c. 427.

General

Land within Buffer Areas Established under the Natural Resources Protection Law. 36 M.R.S.A. § 701-A. The law clarifies that assessors must consider the effect on just value of land designated as significant wildlife habitat (38 M.R.S.A. § 480-BB). See LD # 559, PL 2007, c. 389.

Property Tax Bill Information. 36 M.R.S.A. § 507. Property tax bills must include the outstanding bonded indebtedness of the municipality at the time the bill is issued. It must also indicate the percentage of property taxes distributed to education and local, county and state governments. See LD # 1144, PL 2007, c. 432.

Sudden and Severe Disruption of Valuation. 36 M.R.S.A. § 208-A. The time period within which a municipality must apply for an adjustment to State Valuation due to a sudden loss in value greater then 2% attributable to a single taxpayer is repealed. Municipalities may now apply for an adjustment at any time. Maine Revenue Services must determine the appropriate valuation adjustment and the periods to which the adjustment will apply. See LD #1558, PL 2007, c.322.

August, 2007